



Legal finance for the energy sector

Energy companies are prone to high stakes disputes with partners, distributors and even nation-states.

2023 saw a sharp uptick in arbitrations being initiated in developing energy sectors, a trend that is set to persist, fueled by political changes, the global clean energy transition, international economic sanctions and continued supply chain disruptions.

Indeed, energy arbitrations historically are among the most prevalent disputes administered by leading institutions. The energy sector accounted for 15% of ICSID cases registered in 2023,¹ and the ICC reported that in 2022 that energy and construction disputes together accounted for 45% of registered cases.²

HOW BUSINESSES USE LEGAL FINANCE

To help manage the high risk and costs associated with meritorious energy-related claims, companies in the energy sector and the outside law firms that work with them can look to legal finance. Legal finance enables businesses in the energy sector to maximize their recoveries in commercial disputes by covering lawyers' fees and expenses. Increasingly, however, monetization financing arrangements are gaining in popularity among claimants involved in arbitrations. In a monetization, capital is advanced against the future value of pending claims, and it can be used for general business purposes in addition to the pursuit of the claim.

Burford advances capital on a non-recourse basis, meaning that the businesses that work with us owe nothing unless and until the arbitration or litigation is successful, thereby eliminating the downside risk of loss. We provide financing at any stage, from pre-litigation to appeal as well as post settlement. And because Burford is a passive investor, we do not control a business's litigation decisions or impact existing attorney-client relationships.

BURFORD'S ARBITRATION FINANCE SOLUTIONS

We provide a range of custom capital solutions, at any stage of a dispute, that enable companies to address urgent business challenges and add quantifiable value to their organizations.

- **Monetization:** Burford provides an immediate, upfront payment as an advance on the expected value of a pending claim or award, enabling businesses with significant recoveries to accelerate cash payments and reduce risk.
- **Fees and expenses:** Burford provides capital to pay fees and expenses for a single, high-value commercial matter, relieving budget pressure and removing downside risk while enabling the business to hire its firm of choice.
- **Portfolio finance:** Businesses involved in several arbitration or litigation matters can use portfolio finance to cover all or partial fees or expenses and create significant liquidity.
- **Asset recovery:** Burford's global asset tracing team helps businesses address enforcement challenges, transforming award and judgment debts from "legal paper" into cash.
- **Risk management and insurance:** Burford Worldwide Insurance Limited offers adverse costs insurance for funded matters, mitigating risk in cost-shifting jurisdictions.

CASE STUDY

When The Petersen Group bought shares of Argentine government-controlled energy company YPF in an initial public offering, it was promised that if the energy company were re-nationalized, Argentina would pay fair value to shareholders. When Argentina ignored that promise and expropriated a controlling stake in the energy company, share value fell sharply—causing Petersen, the largest minority shareholder, to become insolvent. The YPF legal claim represented Petersen's most significant asset and its best path toward creditor repayment. Nevertheless, progress stalled because Petersen lacked the resources to pursue a protracted legal claim on its own and traditional capital providers were unable to recognize the asset value of the claim. Using the company's claim as collateral, Burford provided the financing the company needed to move forward, ensuring the company would have the resources to pursue the case without being forced into an early settlement—eventually resulting in a final judgment of \$16 billion dollars against Argentina.

Why Burford?

- **Team:** Burford's in-house underwriting team is ranked Band 1 by Chambers and draws from leading arbitration groups at top-tier firms and includes published experts in the field
- **Scale:** With a current investment portfolio of \$7.2 billion, Burford has unmatched capacity to finance commercial litigation and arbitration
- **Experience:** Burford has financed more than 50 high-value international arbitration matters in all the world's leading arbitration centers
- **Professionalism and transparency:** We are the institutional-quality legal finance partner—dual-listed on the New York Stock Exchange (NYSE: BUR) and London Stock Exchange (LON: BUR) and with a track record and reputation that reflect well on our counterparties

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1 "The ICSID Caseload—Statistics," International Centre for Settlement of Investment Disputes (2023-2). Available at: https://icsid.worldbank.org/sites/default/files/publications/2023.ENG_The_ICSID_Caseload_Statistics_Issue.2_ENG.pdf.

2 "ICC reaches arbitration milestone with case 28,000," International Chamber of Commerce (Sep. 15, 2023). Available at: <https://iccwbo.org/news-publications/news/icc-reaches-arbitration-milestone-with-case-28000/>.